

## C.I.A. Denies Official Link to Ex-Agents in Libya

By JEFF GERTH

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WASHINGTON, Feb. 2 — William J. Casey, the Director of Central Intelligence, told the House Select Committee on Intelligence today that the C.I.A. had not officially concluded that the agency had an official involvement in the activities of two former agents, Edward P. Wilson and Frank E. Terpil, according to Congressional sources.

Mr. Casey also told the closed hearing, the sources said, that the agency had not yet concluded its investigation into the sources' activities, but that the agency was continuing to investigate the matter.

Mr. Casey and Mr. Terpil were indicted in 1980 on charges of exporting explosives to Libya and, with other former intelligence and military personnel, have been linked to the training of terrorists and the transfer abroad of advanced military equipment and expertise. Both men are fugitives; Mr. Wilson lives in Libya and Mr. Terpil is believed to be somewhere in the Middle East.

Much of today's hearing focused on the role of the agency's intelligence and administrative staffs in the case, and whether they had been involved in the export of intelligence and expertise and in the training of terrorists and the transfer abroad of advanced military equipment and expertise.

In his testimony before the committee, Mr. Casey said the agency, after a long internal investigation begun last July after press disclosures about the case, had reached these tentative conclusions: "There was no official contact by the agency with Mr. Wilson and Mr. Terpil after their original indictment in 1980.

The agency had no official involvement in Libyan terrorist training. There was no official agency involvement in the recruiting of members of the Army Special Forces to help train Libyans.

While Mr. Casey's testimony in some respects echoed earlier agency denials of official complicity, it also reflected a new willingness to address questions surrounding the agency's ability to police its employees and their outside activities.

While Mr. Casey told the committee that the agency was revising its internal code of conduct as a result of the Wilson-Terpil affair, he seemed to favor legislative remedies as a solution rather than, for example, changes in the C.I.A.'s employment contract, sources say.

Queries on ties to Aides Committee members, most of whom attended the three-hour hearing, addressed a wide range of questions to Mr. Casey covering most aspects of the Wilson-Terpil affair. Representative Edward P. Boland, Democrat of Massachusetts, who is chairman of the committee, said afterward that Mr. Casey and the agency now seemed to have a good grip on the facts in the case, although Mr. Wilson's activities were first brought to the agency's attention in 1976.

Some committee members were interested in the relationship between Mr. Wilson and some senior agency employees who maintained contact and had business relationships with Mr. Wilson in 1977 and 1978 but Mr. Casey was apparently unable to shed any new light on this matter.

Most of the discussion, according to Congressional sources, focused on ways to restrict, within constitutional limits, the post-employment activities of former intelligence agents. Mr. Casey, who pledged to get back to the committee in writing with further thoughts on the issue, indicated that the agency was ready to work with the committee on finding legislative solutions in the area, sources say.

Among the legislative solutions being discussed were these: "Amending the laws governing registration of foreign agents to cover people working for foreign governments on intelligence matters. "Amending export control laws to minimize the export of intelligence expertise. "Requiring intelligence employees to register after leaving the United States Government if they go to work for a foreign country. "Prohibiting certain kinds of private employment for Government intelligence agents, especially when retained by foreign governments that support terrorism.

Working with Mr. Casey on the question of possible legislative remedies will be Stanley Sporkin, the agency general counsel, who accompanied Mr. Casey to the hearing.

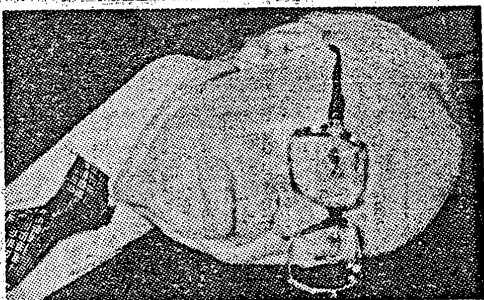
Two members of the intelligence committee interested in legislative remedies, Representative Albert Gore Jr., Democrat of Tennessee, and Representative Norman Mazzoli, Democrat of Kentucky, both said that any legislation would have to be designed so as not to impinge on various constitutional rights.

Mr. Mazzoli said that while he was

disturbed about the revelations of the Libyan activities of the two former agents, his questions to Mr. Casey looked more to the future, asking for the agency to "give us their wisdom on how to eliminate or stop this kind of practice."

Mr. Gore said he thought that the agency had been "blinded" in its analysis of Iran under the deposed Shah Mohammed Reza Pahlavi and Libya in part because of close ties between former agency personnel and the two countries.

The Tennessee Democrat said he intended to propose legislation requiring members of the intelligence community to agree not to work for a foreign government after their stint as intelligence agents.



William J. Casey

United Press International

## Administration Is Reported Seeking Bigger Arms Budget

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tee and in the two houses of Congress, Administration officials and members of Congress have both asserted.

Not only does the nearly \$260 billion represent a large jump over the \$200 billion appropriated for this fiscal year, but it also comes at a time the Reagan Administration has projected a deficit in the overall Federal budget of about \$90 billion.

Congress, according to officials on Capitol Hill and in the Office of Management and Budget, was expected to take aim at the outlays of \$216 billion, since that is the figure that will affect the Federal deficit. This compares with \$180 billion in outlays planned for the current fiscal year.

The Senate majority leader, Howard H. Baker Jr. of Tennessee, said he thought the military budget would be trimmed, but added, "I would not expect the broad, basic scope of the budget to change."

The Speaker of the House, Thomas P. O'Neill Jr., Democrat of Massachusetts, predicted that the House would cut the military budget for next year as it did this year. "We'll whittle it down a lot," Mr. O'Neill said. "I only hope the Senate sees the light."

"Fast Track" for Bill Foreseen Congressional officials said that Senator John G. Tower, chairman of the Senate Armed Services Committee, planned to put the military authorization bill on what one called "a fast

track." The Texas Republican was said to be aware of the opposition to military spending that was building in the Senate and thus wanted to have the bill considered as soon as possible, before the real fight over cuts in the domestic welfare budget have been made.

The nearly \$260 billion in military appropriations being planned represented something of a Pentagon victory over the Office of Management and Budget, officials suggested.

Budget planners in the Pentagon have long argued that higher and more realistic projections of inflation should be factored into the military budget so that the Administration would not have to go back for additional funds later or would not have to cut into military programs when inflation outran predictions.

The Office of Management and Budget, being in the White House and politically, has usually insisted on keeping the inflation factor down in order to make the President's political position appear more favorable.

### Plea Entered in Turk's Death

LOS ANGELES, Feb. 2 (AP) — An Armenian immigrant pleaded not guilty Monday to a charge of murdering the consul general of Turkey here on Thursday. The District Attorney's office said that it would seek the death penalty. Hampig Sassounian, 19 years old, of Pasadena, Calif., entered the plea in Municipal Court to charges of murder and using a handgun in the commission of a felony in the murder of Kemal Arkan.

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